



## How Big Is the Prospective Problem?

### Economic Costs Under Current Law

10 Years: \$48 Billion

15 Years: \$60 Billion

20 Years: \$68 Billion

Sunk Costs: \$23 Billion



## How Big Is the Prospective Problem? (Continued)

### 10-Year Costs Under Alternative Policies

Raise the Flat-Rate Premium:	\$45 Billion
Reduce the Share of Pension Assets in Equities:	\$41 Billion
Retain the Higher Corporate Discount Rate:	\$53 Billion

### Potentially More Effective Changes

Changes in Funding Rules

Changes in Definition of Liability



## What Is the Taxpayers' Liability?

### Under Current Law

Zero

### Under Policy Changes

Depends on the Types of Reforms (and may involve both direct expenditures and revenue effects)



## How Is Policy-Relevant Cost Information Presented?

### Under Current Law

Budget:

- Cash Flows of On-Budget Fund

Financial Statement:

- Probable Claims
- Contingent Liabilities/ Reasonably Possible Claims (Disclosed in footnote)

### Reporting Options

Budget:

- No Change
- Accrual of Economic Costs Incorporating Market Risk
- Annualized Premium Subsidy

Financial Statement:

- Market Value of Insurance